

Digital Financial Literacy Training for MSME Operators in Tapak Gedung Village, Kabawetan District, Kepahiang Regency

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Abstract

This activity aims to improve digital financial literacy in MSMEs in Tapak Gedung Village through training and mentoring programs. This activity is motivated by the low level of digital financial literacy in Indonesia, especially for Micro, Small and Medium Enterprises (MSMEs). The 2022 National Survey on Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority (OJK) shows that financial literacy in Indonesia has only reached 49.68%, while financial inclusion is at 85.10%. This gap indicates that although many people have access to digital financial services, their understanding is still limited, making them vulnerable to illegal investments and online scams. The methods used in this activity include socializing the importance of digital finance, providing hands-on training on using financial applications such as Paper.id and providing ongoing mentoring to support implementation. An evaluation was conducted after the training to measure participants' understanding and application of the knowledge gained. The results showed that participants showed an increased understanding in using digital financial applications, especially in recording transactions, managing cash flow, and real-time financial reporting. In addition, MSME players also began to realize the importance of investing in legal financial institutions registered and supervised by OJK. In conclusion, digital financial literacy training has a positive impact on the financial management skills of MSMEs. With increased knowledge, small business owners can manage their businesses with more confidence, improve competitiveness, and navigate the challenges of the digital economy more effectively.

A. Introduction

Digitalization has significantly transformed various aspects of life, including the economy (Afonasova et al., 2019). One of the most evident impacts of digitalization is the ease of access to financial information and transactions (Ozili, 2018). For Micro, Small, and Medium Enterprises (MSMEs), understanding digital financial literacy is crucial to support their growth and business sustainability (Irikefe & Opusunju, 2021).

Indonesia still faces major challenges in terms of financial literacy, particularly among MSMEs (Lestari et al., 2020). The 2022 National Survey on Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority (OJK) showed that financial literacy in Indonesia was only 49.68%, while financial inclusion reached 85.10% (Safira et al., 2023). This indicates that although many people have access to financial services, their understanding of financial management remains limited. This condition

highlights the need for educational interventions to enhance people's understanding and skills in managing finances using digital technology.

The lack of digital financial literacy is a serious concern, as more people fall victim to fraudulent investments and illegal financial schemes (Fitri et al., 2024). For instance, many individuals have been deceived in binary options trading and cryptocurrency investments without understanding the risks involved (Rochendi et al., 2022). This issue is exacerbated by low digital literacy, making people more vulnerable to online fraud and data theft. Therefore, both society and MSMEs must understand how to protect their data and financial transactions. Digital security measures such as using strong passwords, two-factor authentication, and recognizing signs of online fraud are essential to safeguarding their businesses from financial risks and data loss.

MSMEs serve as the backbone of Indonesia's economy, contributing approximately 60% of the Gross Domestic Product (GDP) and employing 97% of the workforce (Pujiyanto et al., 2024). Business owners are encouraged to embrace innovation and not fear trying new approaches. By adopting an adaptive mindset, MSMEs can more easily adjust to technological advancements and leverage them for business growth. Digital financial literacy helps MSME owners stay up-to-date with the latest technological trends, making them more competitive both in domestic and global markets (Utami et al., 2024).

The rapid development of technology and digitalization in the financial sector has introduced various tools and applications that facilitate financial management (Luxchita et al., 2024). However, many MSME owners have not been able to utilize these technologies optimally. Such technology should be adopted as it enables businesses to enhance efficiency in transaction processes, improve product visibility, and expand market reach.

Digital financial applications provide faster, easier, and more secure access to financial services (Wati & Asmara, 2023). These applications allow users to manage their finances anytime and anywhere, reducing reliance on traditional methods that are often slower and less efficient. The digital transformation in the financial sector also supports financial inclusion by reaching individuals and businesses in various locations, including remote areas that were previously underserved by conventional banking systems (Nnaomah et al., 2024).

One of the standout applications supporting digital financial management is Paper.id. Paper.id offers comprehensive solutions for small and medium-sized businesses (SMEs) to automate bookkeeping and invoicing processes. With features such as transaction recording, cash flow management, and real-time financial reporting, Paper.id helps businesses manage their finances more efficiently. The application also simplifies the billing process through fast and accurate digital invoicing, while offering integration with various banking and digital payment services. As a result, Paper.id not only enhances operational efficiency but also ensures that businesses can manage their financial activities transparently and effectively.

Additionally, Paper.id promotes productivity by reducing administrative burdens and providing comprehensive financial analysis tools. This enables business owners to focus on strategic and operational business development. With cloud-based accessibility, business owners and financial teams can access and manage financial data from anywhere, providing the flexibility needed in today's dynamic business environment. The application's collaborative features also allow different team members to work together in financial management with controlled and secure access. Therefore, implementing applications like Paper.id is a crucial step for businesses seeking to optimize financial management and achieve sustainable growth.

This phenomenon highlights the challenges faced by MSME partners, namely the lack of understanding of digital finance and the application of financial management tools. Limited knowledge of digital finance and financial management through digital applications results in inefficient financial management, vulnerability to fraud, and constraints in business development (Soenjoto, 2023). These challenges hinder business productivity, preventing MSMEs from reaching their full potential and competing in an increasingly digitalized market.

Overall, digital financial literacy is essential in equipping people with knowledge and skills in various financial concepts, such as money management, investments, savings, debt, and financial planning (Mahmud et al., 2022; Santoso et al., 2024). It serves as an additional knowledge source for the target audience and a benchmark for MSMEs in managing their businesses.

Based on this situation, the community service team from the University of Bengkulu plans to organize a digital financial literacy training and the implementation of digital financial applications for MSMEs. This

initiative aims to enhance the competitiveness and resilience of small businesses in the digital era. By acquiring a strong understanding of digital finance, MSME owners in Tapak Gedung Village will be more confident in managing their businesses and tackling the increasingly complex economic challenges.

B. Methods

Based on the identification of issues and the Focus Group Discussion (FGD) with partners, the agreed-upon solution to address these challenges is through education, training, and mentoring using a combination of theoretical and practical approaches. The implementation process consists of three main stages: preparation, activity execution, and monitoring & evaluation. The detailed steps for each stage are as follows:

Preparation Stage

During the preparation stage, the following activities will be carried out:

- Coordinating and planning with the PPM team and target participants.
- Developing an activity schedule and assigning tasks within the PPM team.
- Socializing the activity schedule with partners.
- Gathering necessary tools and materials.
- Preparing training materials.

Activity Execution Stage

The activity execution stage consists of education, training, practical sessions, and mentoring, focusing on the introduction of Paper.id applications, these activities will take place over two sessions within four months. The target of this activity is 10 SMEs. The detailed implementation of PPM activities is as follows: Training: Introduction to Paper.id creation and usage. Implementation: Conducted in one full day, where participants will receive training on Paper.id creation for their products and how to process payments using their Android smartphones. Monitoring and Evaluation Stage. Evaluation is conducted to assess the extent to which the introduced technologies and methods have been successfully implemented by partners, identify potential challenges, and measure the overall success of the program. This evaluation will involve partners and the Research and Community Service Institute (LPPM) of the University of Bengkulu. The evaluation process includes: Direct observation of participants' implementation of Paper.id. Questionnaires to measure participants' understanding and effectiveness of the program. Continuous mentoring and follow-up communication even after the PPM program ends, ensuring partners receive ongoing support in reporting progress and addressing any challenges. Regular monitoring at each stage to ensure activities proceed as planned and to promptly resolve any issues that may arise. A final evaluation at the end of the program to ensure the achievement of objectives and the benefits for all involved parties.

Table 1. Indicators of Success

No	Objective	Success Indicator	Measurement Criteria
1	Participants understand how to use Paper.id for payments	Participants demonstrate knowledge of Paper.id payment systems	Understanding assessed during lectures Evaluation instruments for participants
2	Participants understand how to use Paper.id in financial transactions	Participants can effectively utilize Paper.id	Understanding assessed through tutorial sessions Evaluation instruments for participants

This community service program has been conducted through financial literacy education and outreach, with the involvement of expert speakers, including Ms. Oktavia Safitri, SE from the Indonesia Stock Exchange. Partner groups have significantly benefited from this initiative, particularly in: Recognizing legal and illegal financial applications, Learning digital financial reporting methods.

Table 2. Target Outcomes of Community Service Activities for Partners

No	Aspect	Before PPM	After PPM
1	Understanding of digital finance	Did not understand the digital financial system	Understands the application, usage, and objectives of digital finance
2	Understanding the use of the Paper.id digital financial application	Partners could not use digital financial applications	Partners can create financial reports and manage business bookkeeping using digital financial applications

C. Results and Discussion

The implementation of this community engagement program has successfully improved digital financial literacy among MSME partners in Tapak Gedung Village. Through education, training, and mentoring, participants gained a better understanding of the digital financial system and the use of financial applications such as Paper.id. This program has equipped MSMEs with the knowledge and skills needed to adapt to the digital economy, enhance their financial management, and ensure business sustainability.

Additionally, this program has addressed the lack of awareness among MSMEs regarding financial security and fraud prevention by providing strategies to protect transactions and financial data. With the adoption of digital financial solutions, MSME partners can now operate more efficiently, expand their market reach, and increase their business competitiveness.

Achieved Results

1. Improved Digital Financial Literacy
 - a. Participants understand the importance, benefits, and risks of digital finance.
 - b. They can differentiate between legal and illegal financial applications.
2. Implementation of Financial Technology in Practice
 - a. MSME partners have learned how to create and use QR Codes and QRIS for transactions.
 - b. They can now manage bookkeeping and financial reports using Paper.id, improving business efficiency.
3. Enhanced Business Competitiveness and Security
 - a. Participants are more confident in adopting financial technology in their business operations.
 - b. They have started implementing security measures, such as strong passwords and two-factor authentication, to protect financial transactions.
4. Continuous Mentoring and Evaluation
 - a. After the training, monitoring and evaluation were conducted to ensure that partners continue to implement digital financial solutions.
 - b. Ongoing communication with MSMEs helps overcome challenges and enhance program effectiveness.

This program has contributed to financial empowerment and technology adaptation among MSMEs, ensuring they remain competitive in the digital era. The acquired knowledge and skills will serve as a foundation for long-term financial sustainability, enabling MSMEs to navigate modern financial systems and drive business growth. The digital financial literacy training effectively empowered MSMEs by enhancing their understanding of financial management through technology. By introducing applications like Paper.id, participants improved their ability to record transactions accurately, manage cash flow efficiently, and generate real-time financial reports, fostering better financial governance and encouraging the use of legal financial services regulated by the OJK. Additionally, the program addressed the critical issue of digital security, equipping participants with knowledge on implementing two-factor authentication, managing strong passwords, and identifying legitimate financial applications, which boosted their confidence in conducting online business activities while mitigating risks of fraud. These advancements not only improved operational efficiency but also had long-term implications for the sustainability of MSMEs by increasing their competitiveness in both local and global markets. The continuous mentoring and evaluation following the training further ensured that participants could maintain and expand their newly acquired skills, paving the way for future growth and financial stability.



Figure 1. Documentation Activity

D. Conclusion

The community engagement program in Tapak Gedung Village has been successfully implemented, primarily due to its effective and optimal methods, delivery, socialization, and hands-on practice. This approach has proven to be an educational and learning tool for village officials in understanding digital financial reporting and using financial applications standardized by the Financial Services Authority (OJK). Participants who took part in this program recognized the importance of using digital financial reporting applications and the benefits and impacts they provide. Additionally, they gained knowledge about the risks of using illegal and non-illegal financial applications and learned to identify financial applications protected by OJK. The program's partners expressed that this initiative has brought significant benefits, particularly by enhancing the knowledge of village officials to ensure the successful operation of Tapak Gedung Village. This program has provided valuable insights that contribute to the efficiency and sustainability of village administration.

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